A key element of any county initiative (whether for district formation or local option tax funding) is development of the citizen group that will lead the associated political effort. People tend to think of these as “political action” committees, but (as you’ll learn below) Oregon law reserves that label for very specific situations. This means that in some cases the groups working on a political issue may not actually be recognized by the state as a political action committee, so one of the goals of this document is to help you determine how formal your group needs to be, when and if it can qualify as a political action committee in Oregon, and what types of rules and reporting requirements it may need to address.

The directions for what we’re loosely calling “political action” committees come from three sources. One reflects the federal perspective (primarily that of the IRS), another that of the state of Oregon (primarily the Secretary of State Elections Office), and the third that of the group of persons forming the committee. In other words, your committee needs to be functional as a mission-focused group first and foremost, while meeting state and federal requirements for operation and reporting. With this in mind, I will attempt to offer a step-by-step approach to developing and running the types of citizen groups most likely to be involved in Extension “tax” funding and service district formation issues.

1) **Assemble your citizen group.** In the Extension context this typically means recruiting persons who have links to our major audience segments and volunteer organizations, but for the group to be successful it will need to seek out persons with some specific talents. The group needs to be politically savvy and connected, be able to organize people and manage resources, be skilled at fund raising, be able to motivate people and convey a clear message, have a knack for promotion and management of information, have a high energy level that can be maintained throughout the effort, have a strong sense of priorities (since you’ll never be able to do all you’d like), have the ability to shrug off “attacks” and take a positive approach throughout the effort, be fully informed about Extension’s mission and services, and be committed to its continuing role in the community. No single person is likely to possess all of these characteristics, but the group as a whole can. The size of your group will be important – too few and your support base will be inadequate to carry the issue; too many and you’ll spend all your time discussing ideas rather than getting them done. A core group of five to ten persons who can fully commit and bring a broad set of skills to the table is an excellent starting point. These persons can then reach out to others to help accomplish the action items identified by the group.

2) **Formalize your group.** In order to conduct effective “political” activities, some measure of organization will be required. Crafting a statement of purpose is a good starting point. The statement does not need to be fully detailed, but should help the members of the group come together around the issue at hand. It will also be necessary to identify officers to serve as the group’s official representatives. These would typically include at least a president, treasurer and secretary. Your group may choose (or need) to be more formal, but in most cases what I’ve described is enough for Extension funding issues.
3) **File for an Employer Identification Number** (EIN) with the IRS. Use form SS4. Note that the organization is a 501(c)(4) – (tax exempt, but not considered a charitable organization for federal tax purposes)

   NOTE: When the IRS confirms your EIN, check to see what tax form they tell you to file at year end. It should be a form 990-N if you anticipated less than $25,000 in gross receipts per year, form 990-EZ if $25,000 to $100,000, or form 990 if more than $100,000. (These limits are subject to change, so check the IRS instructions in advance.) If the IRS says you will need to file a form 1120 POL, they have your group misclassified and you should work diligently to get this corrected *before* tax time.

4) **Establish a dedicated “campaign” account at a local bank, using the group’s EIN.** This account should be used to handle all the income and expenses for the group’s efforts. Avoid mixing “political” funds with anyone’s personal account – as this would almost certainly lead to trouble.

5) **Obtain formal recognition as a 501(c)(4) organization. if you would like to obtain a non-profit bulk mailing permit.** File form 1024 with the IRS. After you receive their declaration you can apply for a permit with the Post Office if desired.

   NOTE: Neither the IRS nor the State of Oregon requires formal incorporation of your organization to obtain 501(c)(4) recognition – so if your group does not need a bulk mail permit you may choose to skip this step.

6) **Download copies of the Oregon Campaign Finance Manual and the County Initiative and Referendum Manual** from the Oregon Secretary of State Elections Division website. Have all of your officers read them, paying close attention to the sections that apply to your efforts (there are specific sections for petition processes, committee establishment, reporting, dissolution, etc.). These documents contain critical information – don’t overlook them!

7) **Determine your Oregon “political” committee type.** The Oregon Secretary of State Elections Division recognizes several different types of committees that can be involved in political processes, and will be very picky about whether your group qualifies for one of them. Here are the options that might fit groups supporting an Extension district formation or local option tax funding process:

   a) **Chief Petitioners Committee:** May be formed to guide an initiative (i.e. petition) process at the state or county level. This is the type of committee that can be formed, legally, to generate funding and conduct a campaign to get a district formation or local option tax measure on the ballot by means of a petition, but it is not technically considered a “political action committee.”

   b) **Measure Political Action Committee:** May be formed only *after* a measure has been certified by the state or county. (If the measure was initiated by petition, it would start with a Chief Petitioners Committee and then transition to a Measure PAC once the required signatures have been validated.)

   c) **Miscellaneous Political Action Committee:** May be formed only to support multiple measures or candidates focused on an issue area. This type of committee is not generally an option for Extension district formation or funding (although it might be if formed on a statewide basis and used to support Extension issues in general during recurring elections).

8) **File forms SEL221 (Statement of Organization) and SEL 223 (Campaign Account Information) with the Oregon Secretary of State.** Filing these forms gives your group official standing with the State of Oregon. They can be filed online using the ORESTAR system.
9) **Have your treasurer and another officer take the campaign finance training offered by the Elections Division, and follow the rules exactly and diligently.** You MUST meet state reporting requirements for political campaign activity, or you’ll find yourself in big trouble! You’ll need to do this if your group is recognized in Oregon as a political action committee or a chief petitioners committee. If you don’t fit in these categories, check with the Elections Division to determine your reporting requirements.  

10) **File your annual “declarations” with the IRS** (form 990 series) – due May 15 for previous calendar year. Note that, even if your group is not required to report to Oregon’s Election Division, you will probably still need to report to the IRS (since they will consider you a 501(c)(4) organization).  

11) **Close your “committee” when its function is complete.** Close your chief petitioners committee when the petition process is complete (and you have transferred any remaining funds to a PAC); close your PAC when the ballot measure campaign has been concluded.

As we close, I’d like to clarify two things.

- First, the exact order for this process has some room for interpretation. IRS rules don’t always line up perfectly with Oregon elections requirements, and county elections officials may not interpret things exactly the same way from one county to the next – so use this document as a starting point and check with local and state Elections offices and/or county counsel to be on the safe side.  

- Second, there are really two inter-related processes going on here. One is the federal stuff needed to be recognized as a 501(c)(4) non-profit, and the other is the state stuff needed to be recognized as a chief petitioners committee or PAC. If your non-profit group is raising money (whether political or not) you need to report to the IRS. If your group is involved with an activity that meets the Oregon definitions of a chief petitioners committee or PAC, you also need to report to the state.

### What to do if you can’t be a Measure PAC or a Chief Petitioners Committee.

If you do not have a certified measure, and are not engaged in a county-recognized petition process, you **cannot** be recognized by Oregon as a Measure PAC or a Chief Petitioners Committee. That’s OK, because in many cases you don’t **need** to be recognized by the state to engage in political activity. (This situation is actually pretty common, because work on an issue often begins long before it gets to the point of official status.) The types of activity carried out by groups working on Extension funding issues almost always fall under the IRS definition of a **501(c)(4) tax-exempt, non-profit organization.** Your group will need to file with the IRS regardless of its state classification, so you can start as a 501(c)(4) and become recognized by the state later.

### What is a 501(c)(4)?

According to the IRS, a 501(c)(4) is a “civic league or organization not operated for profit but operated exclusively for the promotion of social welfare…the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.” They are exempt from federal taxes and can do unlimited lobbying. A 501 (c)(4) organization can obtain an employer identification number (EIN), hire and pay employees, hire contractors, solicit and collect funds, get a bulk mail permit, and perform most if not all of the activities needed to run an
FORMING “POLITICAL ACTION” COMMITTEES TO SUPPORT EXTENSION DISTRICT FORMATION AND FUNDING IN OREGON

Extension district formation or local option tax “campaign.” The down-side to a 501(c)(4) is that, while they are considered non-profit, they are not considered charitable (even though that word is in the definition)… so donations to them are NOT deductible on federal income taxes. (Oregon mirrors federal tax regulations, so these contributions are not deductible in Oregon either.) But… the truth is most political contributions are not deductible anyway (we just tend to thing they should be), so that leads to the question…

Are my donations tax-deductable?

Contributions to a campaign for the formation of a service district, or development of a local option tax, are not currently deductible on either your Oregon or federal income tax. However, the State of Oregon does allow individuals to claim up to $50 per person ($100 for couples) per year as an income tax credit (a direct reduction of taxes payable) for contributions to a recognized political action committee. This would include a Measure PAC, Candidate PAC or Miscellaneous PAC. Contributions to a Chief Petitioners Committee do NOT qualify for the Oregon tax credit. So the quick answer to our question is that ONLY contributions to an official Oregon PAC will get any sort of special tax treatment.